

Lowell Public Schools

FY22 Budget Update & Bottled Water Purchase

February 2, 2022



AGENDA

*Continuous Review of Two Budget Years Simultaneously To
Ensure Maximizing Every Funding Stream*

- Budget to Actuals for FY21/22
- Update on Governor's numbers
- Foundation budget changes due to Student Opportunity Act

Lowell Public Schools

YTD Budget Report As of 1/25/2022

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
Total 0010 GENERAL FUND	194,284,378	9,032,457	203,316,835	88,416,115.70	10,992,686.72	103,908,032	48.

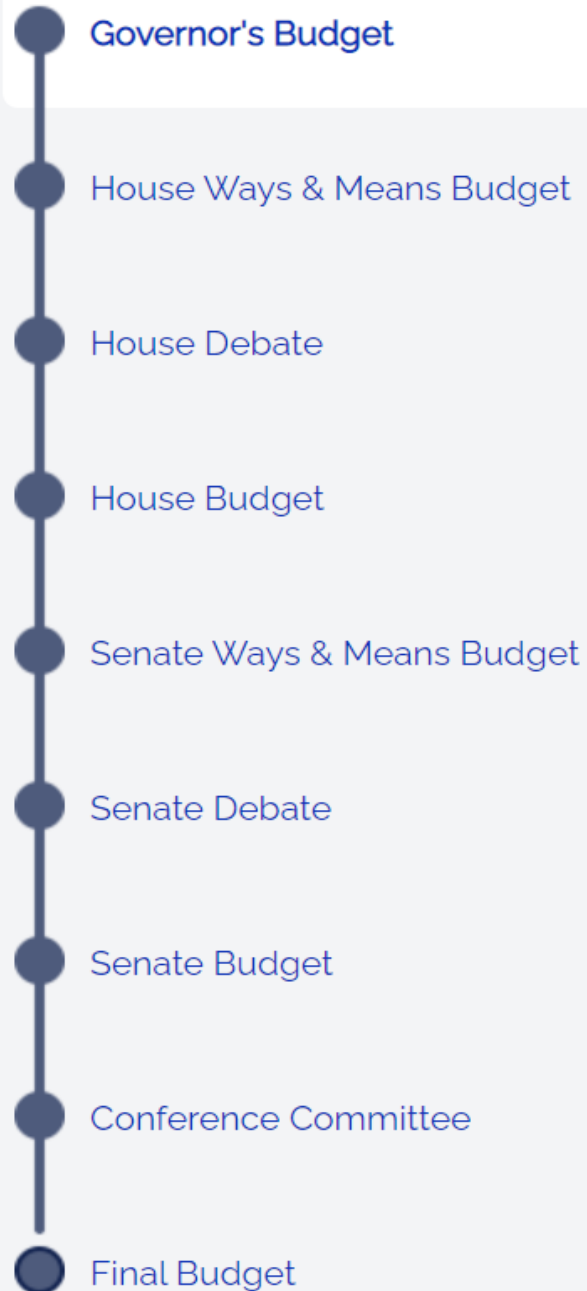
Per the approved budget, Munis YTD reflects the \$194 million plus \$9 million in carryover purchase orders. We have spent 48% (includes encumbrances) thus far. Memo and full report included in SC package.



FY22 BUDGET PROCESS

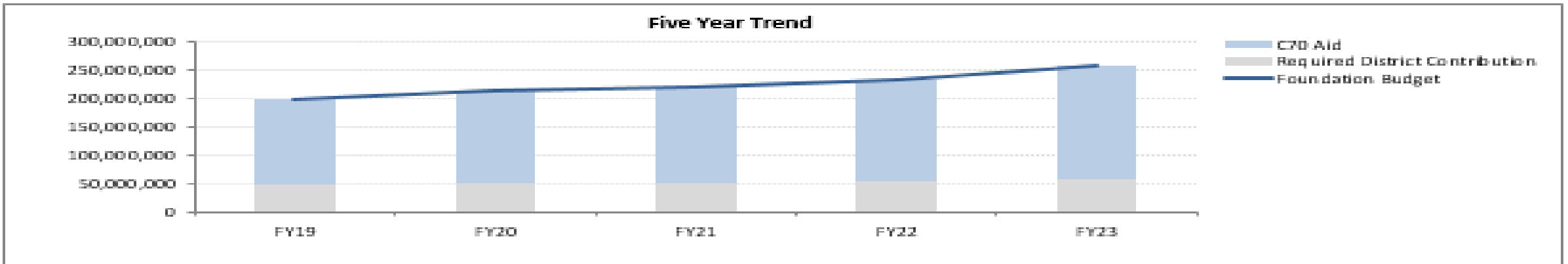
About this step

The annual budget process begins each year when the Governor files recommendations as a bill with the House of Representatives. Under the state Constitution, the Governor must submit a proposal by the 4th Wednesday of January or, in the event of a new term, within five weeks later. This bill is called House 1 or "House 2" depending on the year.



Comparison to FY22

	FY22	FY23	Change	Pct Chg
Enrollment	16,047	16,103	56	0.35%
Foundation budget	232,660,515	257,876,445	25,215,929	10.84%
Required district contribution	54,112,190	56,906,426	2,794,236	5.16%
Chapter 70 aid	178,553,488	200,970,019	22,416,531	12.55%
Required net school spending (NSS)	232,665,678	257,876,445	25,210,767	10.84%
Target aid share	74.10%	74.16%		
C70 % of foundation	76.74%	77.93%		
Required NSS % of foundation	100.00%	100.00%		



FY23 Chapter 70 Foundation Budget

160 Lowell

	Base Foundation Components							Incremental Costs Above the Base					13	14
	1	2	3	4	5	6	7	8	9	10	11	12		
	Pre-school	----- Kindergarten ----- Half-Day	Full-Day	Elementary	Junior/ Middle	High School	Vocational	Special Ed In-District	Special Ed Tuitioned-Out	English learners PK-5	English learners 6-8	English learners High School/Voc		
Foundation Enrollment	574	0	1,248	6,631	4,184	3,687	66	611	158	2,715	893	734	12,067	16,103
1 Administration	121,579	0	528,665	2,808,958	1,772,384	1,561,850	27,958	1,786,326	515,519	274,649	95,346	73,128	1,009,043	10,575,406
2 Instructional Leadership	219,572	0	954,820	5,073,245	3,201,095	2,820,850	50,495	0	0	480,609	166,839	127,966	4,780,704	17,876,196
3 Classroom & Specialist Teachers	1,006,825	0	4,378,109	23,261,880	12,916,426	16,738,316	509,372	5,894,415	0	3,364,129	1,167,883	895,744	46,668,640	116,801,739
4 Other Teaching Services	258,220	0	1,122,900	5,966,309	2,709,935	1,988,030	35,587	5,503,534	7,875	480,609	166,839	127,966	0	18,367,804
5 Professional Development	39,818	0	173,235	920,582	629,650	538,007	15,923	284,341	0	137,298	47,668	36,553	2,264,131	5,087,206
6 Instructional Materials, Equipment & Techn	145,721	0	633,684	3,366,957	2,124,468	2,995,319	93,832	248,182	0	343,257	119,171	91,398	347,047	10,509,036
7 Guidance & Psychological Services	87,914	0	382,325	2,031,407	1,517,495	1,570,441	28,112	0	0	205,960	71,511	54,837	1,889,813	7,839,815
8 Pupil Services	29,136	0	126,747	1,010,034	1,041,021	2,115,416	37,868	0	0	68,690	23,834	18,284	9,819,763	14,290,792
9 Operations & Maintenance	279,584	0	1,215,739	6,459,589	4,418,722	3,775,488	126,487	1,995,404	0	823,867	286,010	219,363	0	19,600,253
10 Employee Benefits/Fixed Charges*	374,013	0	1,626,344	8,641,453	5,730,030	4,520,852	110,416	2,263,022	0	755,232	262,176	201,087	7,548,995	32,033,617
11 Special Education Tuition*	0	0	0	0	0	0	0	0	4,894,582	0	0	0	0	4,894,582
12 Total	2,562,382	0	11,142,568	59,540,412	36,061,227	38,624,570	1,036,049	17,975,223	5,417,976	6,934,300	2,407,278	1,846,326	74,328,135	257,876,445
13 Wage Adjustment Factor	100.0%	Foundation Budget per Pupil										16,014		
*The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.														
14 Low-income percentage	76.03%	English learner foundation budget as % total foundation budget										4.3%		
15 Low-income group	11	Low-income foundation budget as % total foundation budget										28.8%		

Lowell Public Schools

Foundation Budget for FY22 and FY23 Compared

		FY22			FY23			Change		
		Enrollmen	Total	Rate	Enrollmer	Total	Rate	Enrollmer	Total	Rate
Base Foundation Components										
	PreSchool	491	\$ 2,072,054	\$ 4,220	574	\$ 2,562,382	\$ 4,464	83	\$ 490,328	\$ 244
	Full Day Kdrg	1175	\$ 9,917,317	\$ 8,440	1248	\$ 11,142,568	\$ 8,928	73	\$ 1,225,251	\$ 488
	Elementary	6687	\$ 56,764,940	\$ 8,489	6631	\$ 59,540,412	\$ 8,979	-56	\$ 2,775,472	\$ 490
	Middle	4303	\$ 35,035,499	\$ 8,142	4184	\$ 36,061,227	\$ 8,619	-119	\$ 1,025,728	\$ 477
	High School	3326	\$ 33,078,101	\$ 9,945	3687	\$ 38,624,570	\$10,476	361	\$ 5,546,469	\$ 531
	Vocational	310	\$ 4,635,362	\$ 14,953	66	\$ 1,036,049	\$15,698	-244	\$ (3,599,313)	\$ 745
Incremental Costs Above Base										
	Special Ed- In District (3.86% assumed)	608	\$ 17,114,592	\$ 28,149	611	\$ 17,975,223	\$29,419	3	\$ 860,631	\$ 1,270
	Special Ed - Tuitioned Out (1% assumed)	155	\$ 4,904,360	\$ 31,641	158	\$ 5,417,976	\$34,291	3	\$ 513,616	\$2,650
	English Learners Pre-5	2497	\$ 5,990,203	\$ 2,399	2715	\$ 6,934,300	\$ 2,554	218	\$ 944,097	\$ 155
	English Learners 6-8	816	\$ 2,057,046	\$ 2,521	893	\$ 2,407,278	\$ 2,696	77	\$ 350,232	\$ 175
	English Learners - HS	676	\$ 1,463,188	\$ 2,164	734	\$ 1,846,326	\$ 2,515	58	\$ 383,138	\$ 351
	Low Income	11207	\$ 59,627,852	\$ 5,321	12067	\$ 74,328,135	\$ 6,160	860	\$14,700,283	\$ 839
Total		16047	\$ 232,660,514	\$ 14,499	16103	\$257,876,445	\$ 16,014	56	\$ 25,215,931	\$ 1,515
Foudation Budget Per Pupil			\$ 14,499			\$ 16,014			\$ 1,515	

Notes:

Foundation enrollment does not include counts from incremental costs above base
 Sped enrollment is an assumed percentage; our actuals are much higher than this assumed rate
 Significant decrease in vocational dollars
 Increase to rate provided for sped, ELL and low income
 Approx 350 additional EL students
 Approx 860 additional low income students

NEXT STEPS FOR FY22/23 BUDGET PROCESS

[illegible]

Additional Information Requested On Bottled Water Purchase



Additional Information

- **Memo from Solicitor and Auditor regarding bottled water purchase**
- **Key Questions Answered/Summarized**
- **Current Solutions**
- **Next Steps:**
 - **MGL C44 S64**
 - **Finance Subcommittee Meeting to discuss water purchase in more detail**

Memo From City Solicitor



Christine P. O'Connor
City Solicitor

Kerry Regan Jenness
1st Assistant City Solicitor

Nicholas Anastasi
Helen Anderson
Mark Jorgensen
Elliott J. Veloso
Assistant City Solicitors

To: Members of the School Committee
From: Christine P. O'Connor, City Solicitor
CC: Dr. Joel Boyd, Billie Jo Turner, Dr. James P Hall, Kelly Oakes
Date: January 28, 2022
Subject: Outstanding Water Bill

I write in response to a request from School Committee member J. Doherty for more information on the unpaid \$119,000.00 water bill discussed at the last school committee meeting. The law department became aware of an unpaid water bill shortly before a December 21st with members of the school department. During the meeting I was asked to speak to the auditor regarding this unpaid bill.

Following a January 6th meeting with the auditor, the following questions were sent to central office. In order for law and auditing to properly assess next steps, these questions need to be addressed and additional information needs to be provided.

- Although a check was issued to LPS for \$119k for bottled water, where and from whom did LPS actually purchase the water?
- Why wasn't a contract/PO made out directly to the vendor?
- When was the water purchased/delivered?
- What was the quantity and unit price? (of the paperwork we reviewed, there is no indication of a unit price or of a quantity)
- Who created "invoice" 772021? From an auditing standpoint, the invoice is troubling since LPS is clearly not the actual vendor, and the issuance has resulted in both an overage and underage in the accounting of expenditures and receipts in the Milk and Lunch Fund. Both auditing and law would like to meet with those involved in this purchase to explain the problems and guard against this happening in the future.
- Was there an initial payment out of grant money?
- There are also several accounting and procurement irregularities that we would to discuss further: deeming this an emergency procurement; stating that a contract is not needed for an emergency procurement; proposing a "flow through"/no-bid payment to Aramark; creating a false invoice.

From my meeting with the auditor it appeared that this was information that had been previously requested. Once the information is provided, the auditor and law department will review with school personnel as to what occurred, how best to correct it, and to develop procedures to further guard against this happening in the future.

Memo From City Auditor

TO: Members of the Lowell School Committee
FROM: Kelly Oakes, City Auditor *KLO*
CC: Christine O'Connor, City Solicitor
DATE: January 27, 2022
RE: Bottled Water Issue

On November 3, 2021, a requisition was entered into the MUNIS system by the School Department to encumber funds for the purchase of bottled water (requisition # 92203615). The vendor was Aramark and the total amount was \$119,834.97. City purchasing procedures and State Law (MGL C 30B), require competitive bidding and a written contract for a purchase over \$100,000, unless a vendor on the state contract list is selected. Purchasing water under the state contract would avoid the requirement for competitive bidding and a City issued contract.

The only supporting documentation attached to the requisition was a quote from Aramark (see attachment A). After review, the requisition was placed in a "hold" status and notification was sent to the clerk who submitted the requisition, advising that a contract was required (either City issued or a state contract number). The response received was that it was "emergency water" and therefore does not need a contract. My office consulted with the Chief Procurement Officer, and verified that there is no emergency for water that would allow this purchase to be made outside of procurement laws.

Aside from the aforementioned procurement issues, a number of other concerns were raised upon further investigation. For example, there were inconsistencies and discrepancies with the delivery of the goods, the details on the invoice presented for payment, the transaction type, and the details of the transaction. The documentation provided lacked standard details such as the quantity of goods, the delivery location, and whom at the School Department received the goods. These are all standard protocols which appeared to be lacking from the documentation. For these reasons, the requisition was rejected by my office.

Furthermore, upon review of the Milk & Lunch Revolving fund (fund 1201), it was discovered that an invoice for \$119,834.97 had been paid on October 1, 2021. After investigation and audit of the transaction through the City's records, it was discovered that purchase order 22201444 was issued on 8/19/2021 (see attachment B). The vendor was Lowell Public Schools, the total was \$119,834.97, and the account charged for the purchase was 12010090-542100-00008. An invoice was submitted to the Auditor's office for

Page 2 of Auditor Memo



Office of the City Auditor
375 Merrimack Street • Lowell, MA 01852
P: 978.674.4080 • F: 978.970.4082
www.LowellMA.gov

Kelly Oakes
City Auditor

payment against this PO (see attachment C). This resulted in a check being issued to the Lowell Public Schools. Three invoices were paid on this check, including invoice # 772021 for \$119,834.97 worth of bottled water. The check that was issued was then deposited back into a City bank account. The City maintains a separate bank account for the milk & lunch revolving fund. Milk & lunch employees have access to make deposits into this account, and as such a deposit was made on 10/8/2021.

This transaction is of significant concern. The practice of issuing a check from the City to itself is not a generally accepted practice in accounting and should not be done.

As a result of the above, the revolving fund's expenses are currently overstated. That is, there is an expense charged to it for water that is not valid and should not be there. The revolving fund's revenues are also overstated. That is, there is revenue recorded in the fund that is not real revenue. The net effect of the cash in and cash out has no effect on the cash balance or fund balance, but it does have an effect on the revenue and expenses in this fund.

All of this has been communicated with the Finance team at LPS and the City Solicitor. I am awaiting reply from LPS so that we can determine the best course of action to get the vendor paid and the revolving fund balances correct.

Outstanding questions to be resolved:

5. FOOD SERVICE:

A. ARAMARK shall serve, on such days and at such times as requested by District:

1) Meals, priced as a unit, which meet the meal component requirements prescribed by USDA. District and ARAMARK will encourage maximum participation in the National School Lunch and Breakfast Programs.

2) Such other food as may be agreed upon by ARAMARK and District. A la carte offerings will comply with applicable Federal and State regulations.

11. PURCHASING: ARAMARK shall purchase and pay for, as a Direct Cost, all food supplies and services utilized in District's Food Service Program. Such purchases shall be made exclusively for the benefit of District and shall be used solely in District's Food Service Program. All food and related supplies purchased on behalf of District shall be kept separate and apart and title thereto shall remain in District at all times. All such purchases shall be made in the name of District. ARAMARK will credit all

- **Did we procure the water correctly?** Since Section 5.A.2 and Section 11 in our current Aramark contract allow for them to purchase food and supplies on our behalf, our bottled water purchases were made with the belief that we are covered by our current vendor. Since we did go out to bid to obtain this vendor and worked with City Hall on the contract language, we operated under that language. We have reached out to DESE's auditors to be sure.
- **Is the practice of having LPS Food Service vendor bill LPS General fund against generally accepted accounting principles?** This type of transaction has been occurring since 2010 when the FSMC began. There are over 100 transactions over the last decade showing LPS FS vendor billing LPS General Fund and payments being made.
- **Were there discrepancies between deliveries and documentation?** LPS is not aware of such. Principals worked with Food Service staff to determine the number of water bottles needed. The rule of thumb was two bottles per student per day. These deliveries were ordered on a google spreadsheet by the principals or designee.
- **What mistakes require correction?** The purchase order entered by LPS incorrectly hits the revolving account number when it should have charged local account or ESSER. Thus, this does affect account balances.

be complete spread sheet to order
r for your school by Friday for delivery
following week. Water will be delivered
chens but needs to be distributed by
ol staff. Please work with your cafe
to move the water out of food service
riment ASAP. Food and Nutrition Staff
e placing water orders for meal
ce only. Please contact me
oner-gomez@lowell.k12.ma.us with
uestions. All invoices are being
by Cental Office

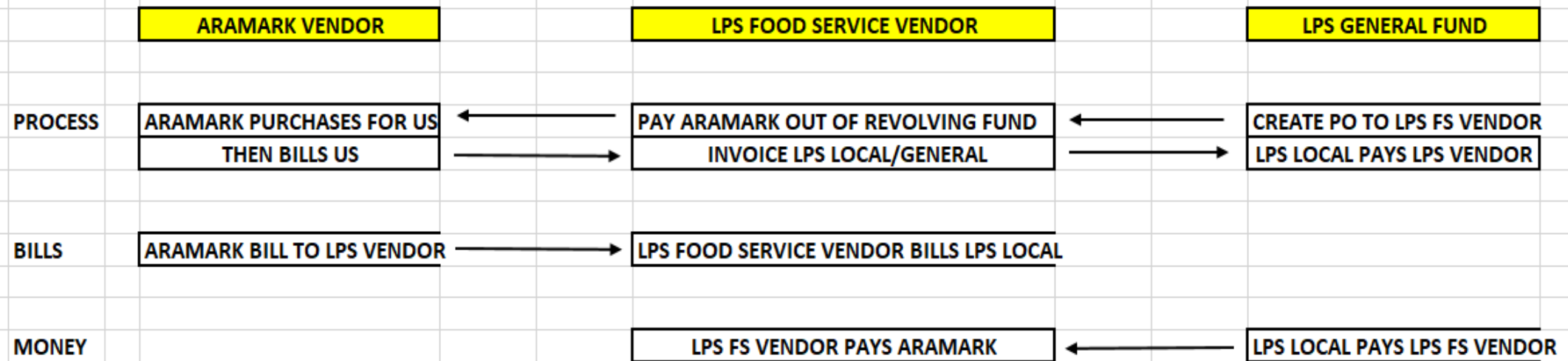
Tuesday Delivery	
School	# of cases of water (48each/case)
Pyne	63
Daley	100
Rogers	200
Stoklosa	100
Sullivan	100
Riverside	
Laura Lee	5
LeBlanc	7
Molloy	
LHS	2 bottles/day for 2,200 students for 5 days = 480 cases
Freshman Academy	2 bottles/day for 800 students for 5 days = 170 cases
Robinson	150 cases
Bartlett	
Butler	
Wang	
McAuliffe	60
Wednesday Delivery	
School	# of cases of water (48each/case)
Cardinal	16 case of water
Moody	
Washington	
Lowell Day	
Riverside	
Laura Lee	
LeBlanc	7
Molloy	15

6/1/21	Pyne	\$404.0
	Daley	\$1,090.8
	Rogers	\$1,212.0
	Stoklosa	\$404.0
	Sullivan	\$848.4
	LHS	\$1,212.0
	Freshman	\$323.2
	Robinson	\$1,090.8
	Bartlett	\$404.0
	Butler	\$404.0
	Wang	\$1,616.0
	McAuliffe	\$404.0
		\$9,413.2
6/8/21	Wang	\$2,424.0
	Pyne	\$808.0
	Rogers	\$2,424.0
	Rogers	\$2,020.0
	Robinson	\$808.0
	Daley	\$1,212.0
	Stoklosa	\$889.6
	Butler	\$808.0
	Sullivan	\$889.6
	LHS	\$1,616.0
	Freshman	\$323.2
	McAuliffe	\$808.0
		\$15,190.4
6/10/21	Lincoln	\$161.6
	Bailey	\$404.0
	Reilly	\$404.0
	Greenhalge	\$808.0
	Murkland	\$404.0
	Morey	\$806.0
	Pawtucket	\$242.4
	Shaughnessy	\$404.0
		\$3,434.0

5 liter bottles costs

ARA ROGERS SCHOOL 52048 43 HIGHLAND ST LOWELL MA 01852-3314		Sysco At the heart of food and service		SYSCO BOSTON 1800-797-2627 (1- 99 SPRING STREET PLYMPTON, MA 02367 781-422-2300 MA-10620-R6		DELV. DATE 11/30/21		CUSTOMER 932343	
978-319-3524		ARAMARK TOWER 2400 MARKET ST 8TH FL PHILADELPHIA PA 19103-3041		ROUTE 2257		PURCHASE ORDER TERMS -FAST DUE DA		Net 45	
						MANIFEST# 1407931		MA: 8173 RONALD	
						DRIVER:			
QTY	PACK	SIZE	ITEM DESCRIPTION	ITEM CODE	UNIT PRICE	UNIT TAX AMT	EXTN PRI		
OUT	CB	1262.5 OZ	RICHS BREAKFAST ROUND UBR IW	08733	8845168				
			OUT/STOCK						
5	CB	722.32 OZ	NAT VLY BREAKFAST RND OAT APL CI 16000-17365	7142306	30.33		151		
			SUBSTITUTE						
38	ONLY	18 OZ	IMP/MCC SPICE PEPPER BLK GRND PURE 900010607	9806415	15.11		41		
		GROUP TOTAL****						1869	
200	CB	24.5 L	PURLIFE WATER PURIFIED .5	68274934711	8108847	4.62	921		
200	CB	24.5 L	PURLIFE WATER PURIFIED .5	68274934711	8108847	4.62	921		
		GROUP TOTAL****						1848	
						TAX			

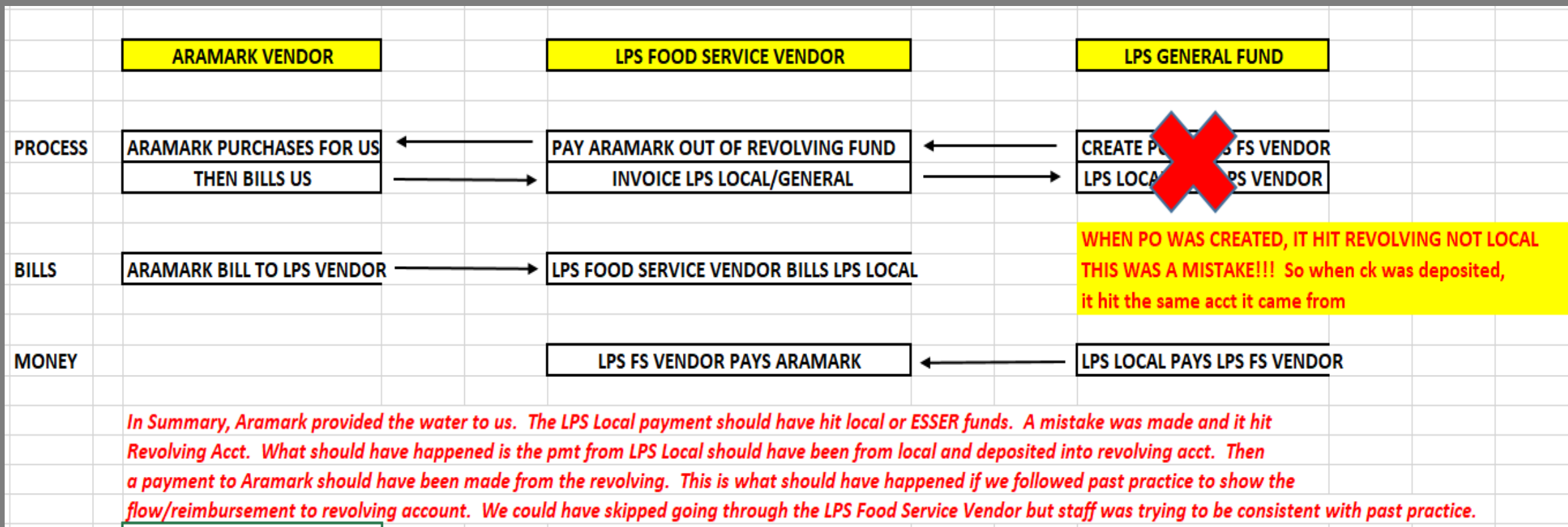
First section shows the google doc for principals/designee to order water. Second is the bill by school by order date provided by the vendor. The third is a screenshot of the Sysco bills to Aramark on our behalf.



In Summary, Aramark provides a service/product and their bill hits our revolving account/food service program. Since non-reimbursable costs cannot stay in revolving account, we must show the revolving account being reimbursed. So, historically, LPS FS vendor bills LPS Local Budget so that the payment can reduce the cost in the revolving account.

THIS IS HOW IT HAS BEEN PRACTICED OVER THE YEARS





Current Solutions:

- We are currently working with vendors on the state contract list to provide bottled water.
- Last week, we had a site visit with a vendor on installing water filtration stations. We are waiting for their cost proposals. They are on the state contract list, too.



- **Next Steps:**
 - **Use MGL C44 S64 to pay Aramark for outstanding invoices**
 - **Have a Finance Subcommittee Meeting to discuss water purchase in more detail**

